

Appendix C

Guidelines for an EEU's Responsibilities Regarding Demand Response

An Energy Efficiency Utility ("EEU") may, as part of comprehensive treatment of customers, include demand response as an eligible demand-side resource option, subject to the following guidelines:

Short-term guidelines. During the transition period (through 12/31/2011), an EEU's activities with respect to demand response shall be conducted within the following guidelines:

1. During the course of investigating efficiency opportunities in large commercial and industrial facilities in Vermont, EEUs may identify cost-effective opportunities for demand response.
2. Where demand response appears to be an appropriate and cost-effective element of an overall energy efficiency strategy for a customer, EEUs may provide the customer with contact information for demand response service providers in Vermont that are currently participating in relevant demand response programs, including the customer's distribution utility. Where appropriate, EEUs may encourage customers to pursue integrated packages of efficiency and demand response.
3. An EEU may enter into cooperative agreements with demand response providers that have been selected by customers to, with customer consent, share information about opportunities, costs and benefits of integrated packages that include efficiency and demand-response.
4. Cooperative agreements with demand response providers may include provisions that seek to have demand response providers make their customers and potential customers aware of EEU services and ask customers if they would be interested in considering an integrated package of demand response and efficiency measures.
5. When collaboration between an EEU and a demand response provider results in a customer enrolling in the ISO New England ("ISO-NE") Peak Demand Response Program through the demand response provider, the capacity credit for this program will be solely assigned to the demand response provider, with the demand response provider and the customer potentially sharing associated revenues that flow from ISO-NE. For such measures, where an EEU has provided technical and/or financial assistance, an EEU may claim energy (MWH) and demand (MW) savings resulting from both energy and demand reduction measures toward performance goals and other Quantifiable Performance Indicators under the EEU's appointment and current Demand Resources Plan.
6. For customers who choose to pursue demand response opportunities with a demand response provider and an EEU, the EEU may investigate with the demand response provider the

installation or expansion of an Energy Management System, or other measures, that will have both demand response and energy savings capabilities. If such an installation passes current State of Vermont cost-effectiveness screening criteria, an EEU may provide technical and financial assistance to the customer similar to any other efficiency measure.

7. Nothing herein is intended to confer on the EEU the responsibility to propose or offer demand response independently into any demand response program.

Long-term guidelines. During the transition period (through 12/31/2011), refinements of these interim guidelines will be considered jointly by the distribution utilities, the Vermont Department of Public Service and EEUs, and shall be designed to work in concert with the host distribution utility's demand response strategy and initiatives (including any rate designs). Proposed changes may be submitted for consideration by the Board.

These guidelines shall not apply when an EEU and the Distribution Utility are the same entity.